IN THE UNITED STATES BANKRUPTCY COURT FOR THE SOUTHERN DISTRICT OF TEXAS HOUSTON DIVISION

Southern District of Texas

ENTERED N. Milby, Clerk of Court

IN RE:

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A Delaware Corporation, SPECIALTY RETAILERS, INC.

STAGE STORES, INC.,

CASE NO. 0035079-H2-11

CASE NO. 0035078-H2-11

A Texas Corporation, and

§

SPECIALTY RETAILERS, INC. (NV),

CASE NO. 0035080-H2-11

A Nevada Corporation,

Chapter 11
(Jointly Administered Under Case)

Debtors and Debtors in Possession.

No. 0035078-H2-11)

ORDER APPROVING SETTLEMENT AGREEMENT BETWEEN STAGE STORES, INC. AND JAY MACON PURSUANT TO BANKRUPTCY RULE 9019

CAME ON for consideration on this day before the undersigned United States Bankruptcy Judge, the Motion of Stage Stores, Inc. for Order Approving Settlement Agreement pursuant to Bankruptcy Rule 9019 (the "Motion").

Upon consideration of the Motion, and the Court finding that adequate notice of the Motion and the Settlement Agreement has been given pursuant to Bankruptcy Rule 9019 and applicable local rules, it is therefore,

ORDERED, that the Motion shall be, and hereby is GRANTED and the Settlement Agreement between Stage Stores, Inc. and Jay Macon in the form substantially conforming to the exhibit attached hereto as Exhibit "A," is approved.

SIGNED this the day of

, 2001.

UNITED STATES BANKRUPTCY JUDGE

After entry return to:
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MILLER SHELTON PACE Warm Dallas Floor 55

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LETTER AGREEMENT

This letter will serve as an agreement between Jay Macon ("Claimant") and Stage Stores, Inc. and Specialty Retailers, Inc. (collectively, "Employer") to sente any and all claims Claimant may have against his Employer or the Employer's injury benefit plan relating to injuries Claimant suffered as a result of an on-the-job accident on May 14, 1999 (hereinafter, the "Loss"). In exchange for payment of Four Thousand Dollars (\$4,000), Claimant agrees to sign a formal Release and Indemnity Agreement folly releasing and discharging the Employer and Employer's injury benefit plan from all causes of action, claims and demands for damages of any character relating to claims arising out of, or claims handling relating to, the Loss. In exchange for the consideration, Claimant agrees to fully indemnify and hold harmless the Employer and the Employer's injury benefit plan from any and all claims, past and fluture, related to the Loss, including subrogation rights for hospitals' or medical practitioners' liens or under the Texas Hospital Lien Law for medical expenses incurred by Claimant in any way related to the Loss.

The signaures below by counsel for the respective parties bind the parties to the agreement. The parties further agree to submit this Letter Agreement for approval by the Bankruptcy Court

3/9/01

Date

Attorney for Stage Stores, Inc. and

Specialty Retailers, Inc.

Attorney for Jay Macon

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